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WM. P. STANB

Supreme Court of the United States,

OCTOBER TERM 1922.

No. 190.

A. BOURJOIS & CO., INC.,

Petitioner,

against

ANNA KATZEL,

Respondent.

BRIEF OF RESPONDENT.

JOHN B. DOYLE,

Of Counsel for Respondent.

JOHN R. RAFTER,

On the Brief.

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Supreme Court of the United States,

OCTOBER TERM, 1922.

No. 190.

A. BOURJOIS & Co., INC.,
Petitioner,

AGAINST

ANNA KATZEL,
Respondent.

BRIEF ON BEHALF OF RESPONDENT.

Statement.

In the District Court the defendant, respondent, was enjoined, *pendente lite*, from selling or trading in face powder, unless the output of the plaintiff, contained in boxes like "Exhibit H" attached to the plaintiff's, petitioner's, order to show cause, or from so dealing with face powder boxes labelled "Java" or marked with certain top, side and bottom labels, which were the subject of certain trademarks or registrations in the name of the petitioner and designated in said injunction order (pp. 38, 39). She appealed to the United States Court of Appeals for the Second Circuit, and the injunction order was reversed (pp. 57, 58). The reversal was by a divided court, Judges Ward and Manton concur-

ring, and Judge Hough dissenting (p. 50). Plaintiff's petition to certify the question involved to this Court, was denied by the Circuit Court of Appeals (pp. 56, 57). Plaintiff's petition for a writ of certiorari was granted by this Court (p. 59).

The opinion of the learned District Court, Judge Mayer, is printed in the record at pages 33-37; the majority opinion of the United States Circuit Court of Appeals is printed at pages 46-50; the dissenting opinion of Judge Hough is contained at pages 50-51, and the *per curiam* opinion of the Circuit Court of Appeals denying petition for certificate is found at pages 56-57 of the record. For greater convenience we have reprinted these opinions as an Appendix to this brief.

Facts.

Stated chronologically:

In 1879, A. Bourjois & Cie of Paris, France, began to sell "Java" face powder in the United States (p. 2).

In 1888, A. Bourjois & Cie registered the trade-mark "Java" in the United States (p. 2).

In 1908, A. Bourjois & Cie registered its trade name "A. Bourjois & Cie" and monogram in the United States (p. 2).

In 1912, A. Bourjois & Cie registered the trade-mark "Poudre de Riz de Java" and the top and side label, appearing on Defendant's Exhibit I, in the United States (pp. 1, 20).

In 1913, it is alleged in the complaint, the plaintiff company was organized, took the name A. Bourjois & Co., Inc., and bought from A. Bourjois & Cie's successors its business of selling face powders in the United States. At the same time the plaintiff acquired by assignment the trade-mark rights

for the United States then and theretofore owned by A. Bourjois & Cie of Paris, France (p. 2). The defendant was unaware of this alleged assignment (p. 9), and the Circuit Court in its majority opinion commented on the fact that said instrument was not produced, but assumed that it was as broad as pleaded in the complaint (p. 46).

For many years prior to 1913 and the organization of the plaintiff and its acquisition of the business and trade-marks of A. Bourjois & Cie's successors in the United States, "Java" face powder was sold in France, and sold, dealt in and used in the United States, put up in packages in all respects the same as "Defendant's Exhibit I", called "Poudre de Riz de Java", which is complained of in this suit as the infringing package, designated "Exhibit H" in the complaint (pp. 20, 21, 22).

From 1913 to 1916, the plaintiff sold A. Bourjois & Cie's Java face powder in the United States under the trade-mark "Poudre de Riz de Java", and put up and labelled like Defendant's Exhibit III (p. 23). This is the same style package, except for the notation of domestic packing, that had previously been marketed in the United States by A. Bourjois & Cie of Paris, France, and has since been continually sold by the French manufacturer in France (pp. 19, 20). Since 1916 the plaintiff has discontinued the use of the words "Poudre de Riz de Java" on its top label and has substituted therefor the words "Poudre Java", the new package being like Plaintiff's "Exhibit A" and Defendant's "Exhibit II" (pp. 7, 23).

From 1913 on, the plaintiff continued the business so acquired, including the sale of face powder made by A. Bourjois & Cie of Paris, under the name of A. Bourjois & Co., Inc. (pp. 2, 3). Apart from the slight variation in the name, only one change

in the plaintiff's method of handling and marketing A. Bourjois & Cie's powder in the United States is apparent from the record. Instead of marketing its powder boxed, labelled, and packed by A. Bourjois & Cie in France, the plaintiff imports the same powder in bulk, packs it in the United States in boxes of American manufacture, which are the same in size, shape, and color as the original package, formerly and still put up by the French manufacturer, and offers it to the American public under labels of American manufacture which closely simulate the original French labels (pp. 7, 12, 24, 25). The plaintiff has at all times offered and still offers said face powders for sale in the United States as the product of A. Bourjois & Cie, of Paris, France. The new method of packing is indicated by the plaintiff by a marginal notation on the bottom label of plaintiff's boxes, said label being in all other respects the same as the French label (p. 7).

In 1920, the defendant, who is a registered pharmacist, wishing to import toilet preparations, bought through her agent in the open market in Paris, France, from two reputable dealers and on five different occasions, boxes of face powder like Defendant's Exhibit I (pp. 10, 11, 13-18, 19-20). The customs authorities permitted entry of said merchandise into the United States, because they were satisfied that said goods were the genuine articles manufactured, boxed, packed, and labelled by the French manufacturer, A. Bourjois & Cie of Paris (pp. 21, 22). The plaintiff does not seriously contend that defendant's boxes of face powder are spurious. As stated by the Customs Examiner, they are clearly genuine (fol. 124).

The plaintiff's basic contention below was and now is, that having acquired by purchase the busi-

ness, good will and trade-marks in the United States of the successors of A. Bourjois & Cie, and having re-registered said trade-marks in its own name in the United States, and having since its purchase exploited said business, good will and trade-marks at great expense, the defendant is not entitled to purchase in France and import into and re-sell in the United States the generally recognized and accepted genuine "Java" face powder manufactured and put up in the generally recognized genuine packages by A. Bourjois & Cie in France (pp. 2, 3, 4).

The exhibits in the case have been lodged with the Clerk of this Court.

POINT I.

No case was made out by the plaintiff entitling it to preliminary injunction.

The injunction of the District Court was in plain violation of the familiar rule, repeatedly stated in trade-mark cases, that no preliminary injunction will be granted "except where the papers present a clear case."

Moore v. Auwell, 158 Fed. 462;

Star Co. v. Colver Publishing House, 141 Fed. 129;

Tucker Mfg. Co. v. Boyington, 24 Fed. Cases, No. 14,229;

Oliver Typewriting Co. v. American Writing Machine Co., 146 Fed. 177;

Anargyros & Co. v. Anargyros, 167 Fed. 753;

H. Mueller Mfg. Co. v. A. Y. McDonaly Co., 132 Fed. 585.

The papers submitted by the plaintiff show anything but a clear case. The affidavits contain assumptions and conclusions of fact, notably that since the plaintiff succeeded to the French firm's American distribution business in 1913, the public generally has come to regard "Java" face-powder, so-called, as the output of the plaintiff, when the very labels used by plaintiff, which are all the public have to go by, belie this assertion, "*Made in France. Packed in the U. S. A.*" cannot possibly carry to the American mind or imagination all or even a part of the many things claimed in plaintiff's bill and affidavits (pp. 1, 7, 8, 23, 32). Therefore, we have not here such an undisputed case on the facts as would warrant a decision on the merits. This point was raised in the Circuit Court, although its grounds of reversal went to the merits.

Hanover Star Milling Co. vs. Metcalf, 240 U. S. 403, 408, and cases cited at 409.

In her answer the defendant denied plaintiff's chief allegation that she had imported goods into the United States in packages closely simulating plaintiff's packages and in infringement of plaintiff's registered trade-marks (pp. 3, 4, 9), and that her acts irreparably damaged the plaintiff (pp. 4, 9), and she further answered that prior to the incorporation of the plaintiff, in July, 1913, the face powder in question was imported into and marketed in the United States in packages of the same color and shape and bearing the identical marks as Exhibit I (pp. 9, 10).

The goods which she imported and proposed to offer for sale in the United States were bought through her husband from reputable dealers in the open market in Paris, France, between January and July, 1920, inclusive (pp. 9, 10, 11, 12, 19). The defendant's affidavit shows an utter absence of

fraudulent intent on her part in the purchase and importation of the goods. She conducts a small but financially responsible business of pharmacist in the City of New York, and the purchase and importation of Java powder in France for her account was in the regular course of a legitimate business, and but a small part of several commodities purchased from perfumery dealers in Paris. These purchases reflect the skill, energy and enterprise of an American shop-keeper availing herself of favorable market conditions abroad in the hope of reaping a fair margin of profit, after deducting the cost of travelling expenses and landing the goods in the United States (pp. 10, 11, 12, 13-18). The defendant further shows that the genuine Java powder in the genuine French package not only costs less than, but is naturally preferred by her customers to, the product packed in the United States (p. 13). The answering affidavits also present the fact that the application for temporary injunction in the Court below was only a renewal in another form of a protest or attempt which the plaintiff had made unsuccessfully to prevent the defendant's imports from obtaining entry into the United States through the United States Customs at the Port of New York (p. 12).

Indeed, it is undisputable that the goods imported by the defendant are the genuine "Poudre Java" or "Poudre de Riz de Java" manufactured and put up in the genuine, original packages by Bourjois & Cie of Paris, France. The learned District Judge so found (p. 34), and absolves the defendant and the French house of Bourjois from any bad faith in respect to the purchases and importations (p. 36).

Upon the papers before it, containing the foregoing evidence, it was not a proper exercise of its

equity powers for the District Court to put the defendant under the ban of a temporary injunction and thus predetermine the merits of questions of fact and of law admittedly of grave importance and affecting large business interests. Decision on the merits should have been reserved until the right of monopoly, which the plaintiff claims, had been thoroughly examined in the light of evidence subjected to cross-examination and adduced by both sides to establish the exact status of plaintiff's traffic in this commodity in the United States.

It its papers, in its arguments in the Courts below, and asserted, not once but often and in a variety of forms, in its brief before this Court, is the claim of the plaintiff that "Poudre Java" is known by the purchasing public in the United States as the commodity put upon the market by the plaintiff as distinguished from Bourjois & Cie of France. But against this contention is the patent fact that this commodity is and always has been manufactured in France, imported into the United States, and sold in packages of a uniform shape, size, color and labelling, except in one or two minor respects, which the average retail purchaser would not notice. Because there took place in 1913 a private transaction between the French Company and the plaintiff, a newly formed New York corporation of the same name, we are asked to believe that beyond any doubt the purchasing public took notice of this change of ownership in the American business of Bourjois and thenceforth associated the goods in the American market with the New York instead of the French Company. The plaintiff's Bill and affidavits, which seem to have been framed upon the lines of the opinion in *Hanover Star Milling Co. vs. Metcalf* (*supra*), assert but do not support such a conclusion, which alone was the basis of the temporary injunction.

POINT II.

The papers clearly disprove any violation of the Trade-Mark Law on the part of the defendant.

There was no simulation or infringement by defendant under the Trade-Mark Law.

The application for injunction was addressed to the equity jurisdiction of the Court below on the Act of February 20th, 1905, as amended, known as the Trade-Mark Law. The residence of both parties in New York precludes the action from being one for unfair competition.

Thaddeus Davids Co. v. The Davids Mfg. Co., 192 Fed. 915.

Neither is it an action for breach of contract between the plaintiff and A. Bourjois & Cie of Paris, France, presumably entitling the plaintiff company to the exclusive sale of A. Bourjois & Cie's face powder in the United States.

In *Bourjois & Co. Inc. vs. Aldridge, Collector and Le Benart Co. Inc., No. 408* on the calendar of this Court, on a certification by the Circuit Court of Appeals for the Second Circuit, at page 1, it is stated that in assigning its American business and trade-marks the French concern did not covenant to abstain from further sales of its products in America. The defendant here is not in privity with the contracting parties. In making her purchases and importation, she knew nothing of the arrangements between the New York and French concerns of Bourjois (pp. 8, 9). She was not acting in concert with but independently of the French Bourjois & Cie.

The pertinent parts of the Trade-Mark Law are Sections 16, 19 and 27, as follows:

"Sec. 16. (*Registration prima facie evidence of ownership—punishment for infringement.*) That the registration of a trade-mark under the provisions of this Act shall be *prima facie* evidence of ownership. Any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trade-mark and affix the same to merchandise of substantially the same descriptive properties as those set forth in the registration, or to labels, signs, prints, packages, wrappers, or receptacles intended to be used upon or in connection with the sale of merchandise of substantially the same descriptive properties as those set forth in such registration, and shall use, or shall have used, such reproduction, counterfeit, copy, or colorable imitation in commerce among the several States, or with a foreign nation, or with the Indian tribes, shall be liable to an action for damages therefor at the suit of the owner thereof; and whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs. (33 Stat. L. 728.)"

"Sec. 19 (*Injunctions—Assessment of damages.*) That the several courts vested with jurisdiction of cases arising under the present Act shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this Act, on such terms as the Court may deem reasonable; and upon a decree being rendered in any such case for wrongful use of a trade-mark the complainant shall be entitled to recover, in addition to the profits to be accounted for by

the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. The court shall have the same power to increase such damages, in its discretion, as is given by section sixteen of this Act for increasing damages found by verdict in actions of law; and in assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost which are claimed. (33 Stat. L. 729.)"

"Sec. 27 (*Importation of articles simulating domestic trade-marks, etc., forbidden—regulations*). That no article of imported merchandise which shall copy or simulate the name of any domestic manufacture, or manufacturer or trader, or of any manufacturer or trader located in any foreign country which, by treaty, convention, or law affords similar privileges to citizens of the United States, or which shall copy or simulate a trade-mark registered in accordance with the provisions of this Act, or shall bear a name or mark calculated to induce the public to believe that the article is manufactured in the United States, or that it is manufactured in any foreign country or locality other than the country or locality in which it is in fact manufactured, shall be admitted to entry at any custom-house of the United States; and, in order to aid the officers of the customs in enforcing this prohibition, any domestic manufacturer or trader, and any foreign manufacturer or trader, who is entitled under the provisions of a treaty, convention, declaration, or agreement between the United States and any foreign country to the advantages afforded by law to citizens of the United States in respect to trade-marks and commercial names, may require his name and residence, and the name of the locality in which his goods are manufactured, and a copy of the certificate of registration of his trade-mark, issued in accord-

ance with the provisions of this Act, to be recorded in books which shall be kept for this purpose in the Department of the Treasury, under such regulations as the Secretary of the Treasury shall prescribe, and may furnish to the Department facsimiles of his name, the name of the locality in which his goods are manufactured, or of his registered trade-mark; and thereupon the Secretary of the Treasury shall cause one or more copies of the same to be transmitted to each collector or other proper officer of customs. (33 Stat. L. 730.)"

The article complained of does not reproduce, counterfeit, copy, or colorably imitate any trade-mark registered under the Act as prohibited by Section 16. Neither does it "copy or simulate" such trade-mark as prohibited by Section 27. On the contrary, the defendant has proven beyond dispute that the article complained of (Defendant's Exhibit I) is the genuine article manufactured, boxed, and labelled by A. Bourjois & Cie of Paris, France, from whom the plaintiff's rights in the premises flow by succession in business, and by assignment of its trade-marks in the United States (pp. 9, 10, 11, 12, 13, 20, 21, 22). If there is any reproduction, copying, counterfeiting, colorable imitation, or simulation in this case, it is done by the plaintiff with respect to the French manufacturer's boxes and labels like those imported by the defendant (Defendant's Exhibit I).

To meet this defense the plaintiff in its affidavits emphasizes three points, viz :

Use of plaintiff's name on boxes of face powder which it sells in the United States (pp. 24, 26, 27) ;

Difference between the face powder as imported by the plaintiff and as sold by the plaintiff (pp. 24, 25) ;

Difference between the terms "Poudre de Riz de Java" and "Poudre Java" (pp. 25, 26).

We shall first reply briefly to these suggestions, and then revert to the real point at issue, that the sale of the genuine article is not an infringement of trade-mark.

Use of plaintiff's name on boxes of face powder which it sells in the United States.

The plaintiff's name is used on its boxes solely to indicate the fact that it *boxes* the powder in the United States. It appears in an inconspicuous place on the bottom label of the box and in such a manner as to escape the attention of all but the most scrutinizing of the buying public. As employed, it is coupled with the statement that the powder is "Made in France", and that the plaintiff is the successor of the French manufacturer (Plaintiff's Exhibit H, p. 4).

On the other hand, the French manufacturer's name is set out conspicuously and in various ways on the top and side of plaintiff's boxes in a manner to be plainly seen by the purchasing public. In other words, the plaintiff's boxes of powder are offered to the American public as the product of A. Bourjois & Cie of Paris, France, and not of the plaintiff. In fact, so far as the casual buying public is concerned, not merely the contents but the package as a whole is to all intents and purposes imported from France. The claim, therefore, which the plaintiff asserts and seeks to eke out by statements in its affidavits, that "Java" powder is recognized by the purchasing public as emanating from the plaintiff and not from Bourjois of France, is flatly contradicted by the visible evidence of the packages themselves in which the goods are offered

over the counter. Obviously, what the consumer asks and pays for is Bourjois' "Java" face powder *made* in France, not Bourjois' face powder *boxed* or *packed* in New York. Up to 1913 the consumer bought Bourjois' "Java" face powder made and boxed in France. That built the American business—the imported article, powder, box and all. It is a violent assumption to say that the American purchasing public transferred its patronage to the plaintiff in 1913. It continued to buy Bourjois' powder in the regulation French boxes and labels, and the fact that there was placed on the base of the box the marginal notation of American packing could only cast doubt, if anything, upon the genuineness of the continued importation. American boxes, made and labelled with labels in the French language printed in America, certainly do not inspire confidence.

Difference between the face powder as imported by the plaintiff and as sold by the plaintiff.

The plaintiff's statements about the frequent necessity of treating the face powder in the United States before the same is packed are far from enlightening. This treatment is variously referred to as "special handling", "sifting", "recoloring", "inspection and selection as to color adjustment", "making to correspond with plaintiff's standard fineness of texture", all of which leaves one in doubt as to just what plaintiff does to the powder (p. 24). None of these phases of treatment is mentioned on the box itself. The box itself is the only source of information to the public. When put to it by a question from the Bench of this Court upon the argument, plaintiff's counsel was forced to admit that these fine phases of treatment were kept to the

plaintiff's own knowledge. Indeed, after some hesitation, he also claimed that the ingredients of "Java" powder were mostly a secret. The claim that the public knows and acts upon the plaintiff's preparation for packing is gratuitous assertion, unsupported by proof.

If the plaintiff makes any substantial change in the powder before packing the same, either by mixture with other ingredients or otherwise, the resultant product is no longer the product of the French manufacturer. In such case, therefore, the plaintiff is misrepresenting its goods by offering them for sale under the French manufacturer's name and as made in France, and is entitled to no relief for alleged infringement of trade-mark.

To put forth a trade-mark attached to an article showing that it is manufactured in a particular place by a person whose manufacture there had acquired a great reputation, when, in fact, it is manufactured by a different person at a different place, is a fraud upon the public which no Court of Equity will countenance.

Manhattan Medicine Co. v. Wood, 108 U. S. 218.

When the owner of a trade-mark applies for an injunction to restrain any violation of his right, it is essential that he should not in his trade-mark, or in his advertisement and business be himself guilty of any false or misleading representation, and if he makes any material false statement in connection with the property which he seeks to protect he loses his right to claim the assistance of a Court of Equity.

Channel Chemical Co. v. Hayden, 222 Fed. 162.

If one, having right by succession to use a trade-mark, trade-name, label or other distinguishing mark in the conduct of his business, deliberately makes such use of it as is intended or calculated to deceive the purchasing public as to the origin, manufacture, or ownership of the goods in connection with which it is used, he is not entitled to relief in equity against persons infringing or wrongfully using such trade-mark, trade-name, label, or other distinguishing mark, to his detriment in connection with the sale of their own goods.

Hazlett v. Pollack, 195 Fed. 28.

Where a trade-mark is a mark of special qualities, due to superior material, processes, skill and care exercised by the originator thereof, an assignee of the business who continues to use labels which contain the false statement that the goods are prepared by the originator, is not entitled to relief against an infringer.

Alaska Packers Assn. v. Alaska Imp. Co.,
60 Fed. 103.

Such is the rule, even though the resultant product as prepared by plaintiff is superior to the original French product.

Krauss v. Peebles' Sons Co., 58 Fed. 585.

This leads to the inherent vice underlying plaintiff's persistent stand to exclude the French product put up in French boxes by invoking our Trade-Mark Law. It appears in the opinion of the District Court from which plaintiff's counsel quotes, at page 6 of his brief, as follows:

"Plaintiff, however, may buy its powder from any house and will obviously do a favorable business in connection with its trade-mark as

long as it satisfies the public; because one of the assets plaintiff has developed is the assurance to the public of the responsible character of any merchandise which appears upon the market on the plaintiff's trade-marks or in the 'get-up' of plaintiff's packages" (Judge Mayer's opinion, pp. 33-34).

As against this is the statement contained in the opinion of the Circuit Court of Appeals denying the petition for certificate of review.

"It is not doubted that an American citizen may buy the business of a foreigner in the United States, with its accompanying trade-marks, and having done so may subsequently change the character or quality of the goods at pleasure. But that is not this case. The owner of the Trade Mark can not change them and still assert that they are the actual goods manufactured by the foreigner and imported by him. Such a misrepresentation would deprive him of the protection of the law." (Opinion *per Curiam*, p. 56.)

If the plaintiff has altered the French product for the American market it has fooled the American public, because, by every letter and token on the box, our public has been led to believe that it was continuing to receive the simon pure French product. As it is, but for the notation on the bottom of the boxes "Packed in the U. S. A.", plaintiff would be guilty of misrepresentation.

Coty v. Prestonettes, Inc. (U. S. Dist. Ct., Southern District of N. Y.), New York Law Journal, July 5th, 1922. Front Page.

Before July, 1913, and for upwards of thirty-three years, the public bought the powder in the original boxes or packages imported from France,

which were identical in form and content with the boxes and powder that the defendant has imported. If plaintiff can exclude these boxes and contents on the ground that, having bought the American business, it can at pleasure discontinue importation of the French product, even in bulk, it will have legal sanction to market powder made in America, put up in boxes made in America, and labelled with labels in French printed in America. The hoax will then be complete.

Where the public or public policy is concerned, this Court does not wait until the public has been overreached. It strikes down the transaction the moment its evil tendency develops at any stage.

Oscanyan vs. Arms Co., 123 U. S. 261;

Sage vs. Hampe, 235 U. S. 105;

Crocker vs. U. S., 240 U. S. 79;

Sampliner vs. Motion Picture Patents Co.,

C. C. A. 2nd Circuit, 255 Fed. 242,
p. 252.

We suspect, however, that the treatment alluded to by the plaintiff does not work any substantial change in the imported powder. It is probably required owing to the fact that plaintiff's powder is imported in bulk and not in small sealed packages, such as are imported by the defendant. Powder imported in bulk from France is naturally more exposed to the elements than that imported in sealed packages. It may absorb foreign matter from the bag or other container in which it is transported, thereby requiring sifting on importation. Heat or moisture may cause deterioration of powder in bulk calling for remedy on importation. In other words, as imported, the defendant's powder is properly protected for transportation, while the plaintiff's powder is not.

Difference between the terms "Poudre de Riz de Java" and "Poudre Java".

In its reply affidavits the plaintiff dwells on the difference between the terms "Poudre de Riz de Java" and "Poudre Java". It gives a literal translation of "Poudre de Riz" as rice powder. It asserts that "rice powder is an undesirable ingredient of face powders", and that "there is no rice powder in the product which the plaintiff markets under the Java trade-mark", and that "the plaintiff's labels do not contain any statement that the contents is Poudre de Riz but state that the contents is Poudre Java". Then follows a discussion of the harmful effects of "rice powder" (pp. 24, 25).

In these statements the plaintiff is not candid. If intended to imply that the defendant's powder is rice powder and that it is different from the plaintiff's powder, it was an easy matter to state so directly and specifically. The plaintiff, however, has carefully refrained from making such statement. It may be that "Poudre de Riz" literally translated means "powder of rice, or rice powder", but, as used commercially by the French manufacturer, A. Bourjois & Cie, in connection with its face powder its significance may be different. If the inference to be drawn from the plaintiff's statement are correct, then the plaintiff itself from 1913 to 1916 was marketing in the United States rice powder injurious to the public under the label "Poudre de Riz" (p. 23). Yet nowhere in the papers is there any indication of a change in the kind or quality of the face powder marketed in the United States by the French manufacturer from 1879 to 1913 under the labels "Poudre Java" and "Poudre de Riz de Java", or in the kind or quality

of the powder marketed in the United States by the plaintiff company from 1913 to date, formerly under the label "Poudre de Riz de Java", and lately under the label "Poudre Java".

In

Wertheimer et al. v. Batcheller Importing Co., 185 Fed. 850,

Judge Lacombe upheld the trade-mark in "Poudre de Riz de Java" of plaintiff's predecessor in interest on the ground that it was a fanciful name, not a representation of powder made from rice grown on the Island of Java.

See also:

Scandinavia Belting Co. v. Asbestos & Rubber Works, 257 Fed. 937, at p. 948.

The plaintiff, therefore, cannot blow hot and blow cold on the matter of rice as an ingredient of "Java" face powder.

In any event, the defendant is confident of the similarity between the powder which she has imported into the United States and that being sold by the plaintiff in the United States. In the Court below the defendant stated that if the point was material she was content to have both powders submitted to analysis or to have their identity established in any reasonable manner.

POINT III.

The sale in the United States of the genuine article manufactured, boxed, and labelled by A. Bourjois & Cie of Paris, France, does not constitute an infringement of plaintiff's trade-mark.

The defendant has clearly established the genuineness of the article complained of. Nor is its genuineness seriously disputed by the plaintiff. In the papers on this motion there is no direct statement by the plaintiff on that point.

The learned District Judge says of this genuineness:

“Defendant's trade mark is genuine in the sense that it was not spurious at the place of origin and that no change has been made since it was sold; but, it is genuine as matter of law only if defendant has the right to sell within the territory where plaintiff is the exclusive owner of the trade mark, and under the doctrine of the *Hanover Star Milling Company* case, *supra*, where also plaintiff has established the business in the product in connection with the trade mark” (p. 35).

Does the Trade-Mark Law preclude a sale of the genuine article, not only manufactured abroad, but put up and labelled by the manufacturer thereof, in competition with the same goods made by the same manufacturer, but put up and labelled in the United States—the latter being sold under the name of and as the product of the French manufacturer?

The test of infringement of trade-mark is whether or not the article complained of is likely to deceive the public.

"The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another."

Hanover Star Milling Co. v. Metcalf, 240 U. S. 403 at page 413.

"And the power of the Court in such cases (trade-mark) is exercised not only to do individual justice, but to safeguard the interests of the public by preventing one's passing off his goods as the goods of another."

Scandinavia Belting Co. v. Asbestos & Rubber Works, 257 Fed. 937, at p. 941;
Singer Mfg. Co. v. June Mfg. Co., 163 U. S. 169;

Coats vs. Merrick Thread Co., 149 U. S. 562;

Lawrence Mfg. Co. v. Tennessee Mfg. Co., 138 U. S. 537;

DeVote Snuff Co. v. Wolff, 206 Fed. 420.

Both the plaintiff and the defendant are selling the face powder in question as the product of A. Bourjois & Cie, of Paris, France. The defendant has bought and imported the powder not in bulk, but in the packages with which it has become associated in the public mind for many years both here and abroad.

Authorities relied on by the Circuit Court of Appeals.

The above mentioned principle and authorities are the basis on which a proper disposition of this case rests. They lie back of the following decisions

directly in point, which we maintain are controlling in favor of the defendant. These decisions are discussed at some length in the prevailing opinion of the Circuit Court reversing the order for injunction and in the Opinion *Per Curiam* denying petition for certificate (pp. 47-50, 57). The plaintiff has sought to distinguish these cases, but unsuccessfully.

In

Appollinaris Co., Ltd., v. Scherer, 27 Fed.
18,

the Company acquired the sole right to export "Hunyadi Janos" waters from Hungary to Great Britain and America and sell them in those countries and the sole use of the trade-mark "Hunyadi Janos". It registered the name as a trade-mark in the Patent Office of the United States. *Scherer*, the defendant, bought the genuine water in Europe, imported it to the United States, and sold it under the same label as the Appollinaris Company's with one immaterial variation. This was held not to be an infringement of the Company's rights. At page 20, Judge Wallace said:

"But the defendant is selling the genuine water, and therefore the trade mark is not infringed. There is no exclusive right to the use of a name or symbol or emblematic device except to denote the authenticity of the article with which it has become identified by association. The name has no office except to vouch for the genuineness of the thing which it distinguishes from all counterfeits, and until it is sought to be used as a false token to denote that the product or commodity to which it is applied is the product or commodity which it properly authenticates, the law of trade-mark cannot be invoked."

In

Russia Cement Co. v. Frauenhauer, 133
Fed. 518,

the defendant bought the complainant's glue in barrels and then bottled it with a label describing it as the complainant's glue bottled by the defendant. This was held to be fair competition.

In

Gretsch v. Schoening, 238 Fed. 780,

the question again came before this Court and was raised squarely under the present Trade-Mark Law.

Gretsch purchased a package of *Mueller's* genuine "Eternelle" violin strings in Germany. They were consigned to him for entry through the Port of New York. The Collector of the Port there refused them entry upon the ground that their importation was a violation of Section 27 of the Trade-Mark Law above quoted. *Schoening* had the exclusive agency for the sale of *Mueller's* strings in the United States, had registered the word "Eternelle" as a trade-mark belonging to him in the United States Patent Office, and had filed the registration with the Department of the Treasury.

In the District Court the right of *Schoening* to register and claim ownership of the trade-mark was assailed, but Judge Hough (6 T. M. Rep. 224) held the registration valid on the ground that *Mueller* had carved out of his business a portion, viz., the American monopoly, and had given it to *Schoening*. He held, however, that there was no infringement under the Trade-Mark Law of *Schoening's* registration, because the goods brought from Germany were the genuine article.

This decision was upheld by the Circuit Court of Appeals, assuming that *Schoening* had a valid trade-mark, and basing its affirmance upon the rea-

soning in the cases of *Appollinaris Co., Ltd., v. Scherer*, and *Russia Cement Co. v. Frauenhauer* (*supra*), as well as upon the provisions of the Trade-Mark Law. Referring to them it said through Ward, J.:

"The rationale of both decisions is that the defendant in each case was selling the genuine article identified by the trade mark and the public was not misled, but was getting exactly what it paid for. These decisions, however, were made before the Act in question was passed. Assuming that Congress could protect the owner of a registered trade mark against importation by third parties of the genuine article under that trade-mark, has it done so? We think not. The act prohibits the entry of imported merchandise which shall 'copy or simulate' a trade-mark registered under it. The obvious purpose is to protect the public and to prevent any one from importing goods identified by their registered trade-mark, which are not genuine.

In this case, however, the imported goods were the genuine article identified by the trade-mark. We assume that Schoening has a valid trade-mark, even if he does not manufacture the strings, *Menendez v. Holt*, 128 U. S. 514, 9 Sup. Ct. 143, 32 L. Ed. 526, applying to the whole of the United States, and still are of the opinion that it is not infringed by one who buys in Germany the genuine article identified by the trade-mark, imports it into the United States, and sells it so marked here."

These cases are not susceptible of distinction from the case at bar. The *Gretsch* case decided that even though *Mueller* had turned over to *Schoening* his American business entitling him to its emoluments and its exclusive trade-mark rights in the United States, *Schoening*, nevertheless, could not complain of any one who brought in *Mueller's* genuine goods bearing the genuine trade-mark from

Germany and sold them in the United States. This is exactly the situation in the present case. As it was assumed in the *Gretsch* case that *Schoening* had a valid trade-mark in the United States, it may be assumed in this case that the plaintiff's registrations of trade-mark are valid; but that should not prevent the defendant from importing and selling the genuine face powder of Bourjois genuinely marked, to the American public. This action is brought for an infringement and violation of the Trade-Mark Law, and there can be no wrong predicated upon defendant's acts unless she is perpetrating a deception upon the purchasing public in the United States, and this is just what she is not doing. It is not a question of the defendant acting through or in concert with Bourjois of France, seeking to violate the terms of the transfer to the plaintiff of the American business from the French concern. She is a stranger to Bourjois, both of France and of the United States. She buys her goods when and where she pleases upon the best terms obtainable. If she were acting with Bourjois of Paris to defeat the terms of the transfer of the American business about which she knew nothing when she made the purchases in question, that might be a subject for equitable cognizance in a proper case, as pointed out by Judge Wallace in the *Appollinaris* case. But as for "reproducing", "counterfeiting", "copying", "colorably imitating" or "simulating" any trade-mark of the plaintiff, the defendant is absolutely innocent, and within her rights when, as stated by Judge Ward in the *Gretsch* case, she buys abroad "the genuine article identified by the trade-mark, imports it into the United States, and sells it so marked here".

For perhaps a simpler reason the attempted distinction of the *Gretsch* case is untenable. *Schoen-*

ing, just as *Appollinaris Co., Ltd.*, had secured a valid trade-mark in the United States, by assignment or purchase from the European originator. His right thereto was as absolute as the plaintiff's in this case. Consequently, it makes no difference what the plaintiff claims to have done in the way of exploiting the business since its acquisition; a consideration quite apart from the obvious fact that the American market for Bourjois' Java powder was developed through a succession of years long before the plaintiff was organized and bought out the French concern in the United States.

POINT IV.

The terms "origin", "genuine", "counterfeit" and the new law.

In their opinions the learned District Court, and Judge Hough dissenting in the Circuit Court, fell into a disagreement from the majority of the Circuit Court through a difference of terminology. Judge Mayer said :

"Defendant's trade mark is genuine in the sense that it was not spurious at the place of origin, and that no change has been made since it was sold" (p. 35).

Judge Hough, on the other hand, differed on the meaning and place of "origin" in this case (p. 50). With him the general article originated in the United States, not France. The plaintiff also falls into woeful error in the use of the word "counterfeit". It says that a Mexican dollar is a dollar in its own country, but it is not a dollar in the United States. The defendant's simple contention is that a Mexican dollar is a *Mexican* dollar not

only in Mexico but in the United States and any other part of the world. The plaintiff begs the question when it says that the imported Bourjois face powder in the Bourjois box in the form used since 1879 is a spurious article anywhere. It is submitted that the average consumer could not be made to believe such a thing but would only believe that the French box is symbolic of the genuine French article. What has been genuine for thirty-three years cannot become counterfeit over night. What had its origin in France some time prior to 1880 cannot be said to have its origin in New York by the scratch of a pen in 1913.

If, therefore, the plaintiff was injured by the importation of the genuine French article under a depreciated foreign exchange, which resulted in such article being sold for less than the plaintiff's in the American market, the plaintiff's remedy was against the French house of Bourjois and/or any one acting in collusion with the French house to emasculate the benefits of the assignment of the American business and trade-marks in 1913. As a matter of fact, that assignment did not contain a covenant by the assignor to abstain from further sales of its product in the United States (*Certificate, A. Bourjois & Co., Inc., vs. Aldridge, Collector, and Le Benart Import Co., Inc., No. 408, on the October, 1922, Calendar of this Court, p. 1*). But against this defendant, acting in good faith, without any knowledge of said assignment, going into the French market to buy the genuine French article and sell it in the United States, the plaintiff has no valid complaint. The plaintiff by a suitable covenant for penalty or damages should have protected itself against the French house of Bourjois selling its products so that they could be exported to the United States.

Since this action was begun, and the present writ of certiorari granted, there was included in the Tariff Act of 1922, which became a law on September 20th, 1922, a provision to cover the exact situation in the case at bar. In enacting this the Congress apparently recognized that without such amendment it was and would be perfectly lawful to import and sell in this country merchandise of foreign manufacture bearing a trade-mark owned and registered by a citizen of the United States; and even though the present order appealed from be affirmed or the appeal be dismissed, it may be urged that the defendant now falls under the ban of this provision of the Tariff Act. If this be so, the present appeal presents but a moot question.

The provisions under the Tariff Act referred to are as follows (p. 131) :

"Sec. 526. (a) That it shall be unlawful to import into the United States any merchandise of foreign manufacture if such merchandise, or the label, sign, print, package, wrapper, or receptacle, bears a trade-mark owned by a citizen of, or by a corporation or association created or organized within, the United States, and registered in the Patent Office by a person domiciled in the United States, under the provisions of the Act entitled 'An Act to authorize the registration of trade-marks used in commerce with foreign nations or among the several States or with Indian tribes, and to protect the same', approved February 20, 1905, as amended, if a copy of the certificate of registration of such trade-mark is filed with the Secretary of the Treasury, in the manner provided in section 27 of such Act, and unless written consent of the owner of such trade-mark is produced at the time of making entry.

(b) Any such merchandise imported into the United States in violation of the provisions of this section shall be subject to seizure and forfeiture for violation of the customs laws."

CONCLUSION.

The order of the Circuit Court of Appeals should be affirmed or the appeal dismissed.

Respectfully submitted,

JOHN B. DOYLE,

Counsel for Respondent.

JOHN R. RAFTER,
On the Brief.

APPENDIX.**Opinion of Mayer, District Judge.**

MAYER, *District Judge*:

The plaintiff, a New York corporation, is the exclusive owner of certain registered trade-marks for face powder, these trade-marks consisting of the word "Java", and the various labels, which are carried by plaintiff's boxes and serve to identify them as plaintiff's products. Defendant's boxes, as will appear *infra*, are, with two differences, exact duplicates of plaintiff's boxes.

In 1912, the firm of E. Wertheimer & Cie, of France, successors of A. Bourjois & Cie, also of France, had established in the United States the business in Java face powder in boxes and under labels substantially the same as those in controversy. The trade-mark "Java" was considered and favorably recognized in *Wertheimer et al. v. Batcheller Importing Co.*, 185 F. R. 850. The plaintiff corporation was organized in 1913, and for a consideration, involving *inter alia* the obligation to pay \$400,000, bought the entire business then and theretofore carried on by A. Bourjois & Cie, E. Wertheimer & Cie, Successeurs, in the United States, viz.: The entire good will of said business in the United States and any and all trade-marks, trade names and trade-mark rights relating thereto in the United States and also the sole and exclusive right to manufacture and sell in the United States any and all toilet preparations then or theretofore made by the French concern. This transfer of trade-marks included the transfer of the registered trade mark "Java", the top and other labels of the boxes; and all of the trade-marks which the plain-

tiff has subsequently used were reregistered. Thus, all of these trade-marks and labels are, so far as the United States is concerned, exclusively the property of the plaintiff. It appears from the papers that during the time plaintiff has been in this business, it has expended substantial sums of money for advertising and in brief, by reason of its business methods, it has succeeded in creating a wide market in the United States for its products and the boxes of face powder here under consideration are associated in the public mind with the plaintiff corporation. In other words, it appears that plaintiff has built up not only an extensive and important business, but also an excellent business reputation for the character of its goods and that the plaintiff depends in greatest measure upon its trade-marks to prevent invasion of its rights.

Plaintiff, apparently from its inception, has bought and is continuing to buy the powder in bulk from the French firm, A. Bourjois & Cie, and then puts up this powder in the boxes containing the trade-mark inscriptions. Plaintiff, however, may buy its powder from any house and will obviously do a favorable business in connection with its trade-marks, as long as it satisfies the public; because one of the assets of plaintiff has developed is the assurance to the public of the responsible character of any merchandise which appears upon the market under plaintiff's trade-marks or in the "get-up" of plaintiff's packages. Two outstanding features of plaintiff's package are the words "Poudre Java" and "A. Bourjois & Cie".

On the argument of the motion, certain papers were inspected by the Court which fully satisfied the Court that the box or package of defendant was the genuine box or package of the French firm of

A. Bourjois & Cie, and that defendant had bought abroad the face powder contained in the genuine boxes or packages put up by the French firm. These boxes or packages, the product of A. Bourjois & Cie, in France, were imported by defendant into this country.

The two differences referred to, *supra*, were as follows: (1) At the beginning of its business, plaintiff New York corporation put the product out under the name of "Poudre de Riz de Java". As rice is regarded as a deleterious ingredient for face powder, plaintiff dropped the words "de riz" and adopted the words "Poudre Java". Under this latter name, plaintiff has marketed its goods for about four years last past. An inspection of plaintiff's and defendant's boxes would at once show that this difference is slight and that the ordinary purchaser would not stop to distinguish between the boxes and, if defendant's box were a counterfeit or imitation, a Court of Equity would at once issue its injunction. In addition, if the plaintiff is right as to the undesirable nature of a rice ingredient, a label containing the words "de riz" might unfavorably affect the sale of plaintiff's product, if the purchaser associated the package with plaintiff.

(2) The second difference is that on the back of plaintiff's box or package are the following words: "Trade Marks Reg. U. S. Pat. Off. Made in France—packed in the U. S. A. by A. Bourjois & Co., Inc., of New York, Succ'rs in the U. S. to A. Bourjois & Cie and E. Wertheimer & Cie." These words are so situated and so printed as fairly to come to the attention of the purchaser and one of affiants, who has sworn that this package is regarded by the

public as plaintiff's product, is the buyer in the perfumery department of the large establishment known as B. Altman & Co.

As the defendant's box or package is manufactured and sold in France, the words just quoted do not appear upon it. It is urged by defendant that plaintiff's product is a misrepresentation and in the nature of a fraud upon the public in that it gives the impression that it is manufactured and put up in the original packages in France; but opposed to this argument are the affidavits submitted by plaintiff which are convincing upon the point that the boxes are identified by the public as plaintiff's product, and further, as appears, *supra*, plaintiff has been careful to state upon its box or package that while the product is made in France it is packed in this country by the American firm as successors in the United States to A. Bourjois & Cie and E. Wertheimer & Cie.

There remains for consideration, then, the important question in the case, which seems to be one of first impression, and that is whether because defendant's box is a genuine article made and sold by the French concern it can be said to constitute an infringement of the trade-marks of plaintiff, when plaintiff is the exclusive owner of these trade-marks in the United States.

In approaching the subject, it must be remembered that "the right of property in trade marks has come to be recognized as of immense and incalculable value" and that the "proprietor of a trade-mark by virtue of the manufacture or offering for sale of his goods is entitled to the protection which the highest powers of the court can afford."

Scandinavia Belting Co. v. Asbestos & Rubber Works, 257 F. R. 937.

In *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, the Court in discussing common law trade-marks points out that redress is based upon the party's right to be protected in the good will of the trade or business; and the English rule that a trade-mark is not the subject of property, except in connecting with an existing business, prevails generally in this country. In *Scandinavia Belting Co. v. Asbestos & Rubber Works*, *supra*, the Court held that the owner of a registered trade-mark can restrain its use by another though no loss of sales is shown and though there may be no fraud between the original seller and buyer of the infringing article.

This is but another way of saying that where a trade-mark is used in connection with the business of a merchant and the product sells on the strength of the trade-mark and because it is associated in the public mind with the plaintiff's product, such a trade-mark is entitled to the strongest protection at the hands of the proper court.

Defendant's trade-mark is genuine in the sense that it was not spurious at the place of origin and that no change has been made since it was sold; but, it is genuine as matter of law only if defendant has the right to sell within the territory where plaintiff is the exclusive owner of the trade-mark and under the doctrine of the *Hanover Star Milling Company* case, *supra*, where, also, plaintiff has established the business in the product in connection with the trade-mark.

The case at bar is obviously stronger than that considered in the *Hanover Star Milling Company* case. In the case at bar, plaintiff has expended a large sum for the acquisition of the trade-mark title and rights, and a large sum for the advertisement of its business. Plaintiff had corralled the American market before defendant's boxes were brought

into the American market. If, now, the original French boxes or packages can lawfully be permitted to compete with plaintiff's boxes or packages, it can be readily seen that plaintiff's business may be destroyed, and, in any event, impaired. The question, on its face, is one involving business interests in a large way. If an American business concern buys all of the rights, as in the case at bar, of a business established here by a foreign concern and then the foreign concern is nevertheless at liberty to compete with the American concern, the result will be that the purchase of rights, under such circumstances, will give little or no protection; and the foreign concern as well as the domestic concern will be seriously injured in the long run, because American capital certainly will not be invested and foreign concerns will find it difficult to sell the rights which they have developed in this country.

It should be said in justice to A. Bourjois & Cie of France that there is nothing in the record which justifies the conclusion that this competition has been undertaken with their knowledge or consent, and it should be said in justice to defendant that thus far defendant has relied upon what she regards as her legal rights. The question is one of law which calls for definite and prompt settlement.

In support of the position of defendant, the case of *Fred Gretsch Mfg. Co. v. Schoening et al.*, 238 F. R. 780, is cited. That case involved a construction of Section 27 of the Act of February 20, 1905. That section was in the nature of a Customs Regulation to prevent the American public from being deceived by simulated names. In other words, simulated trade-marks were to be excluded from importation, so as to safeguard the American public; but there is nothing in that section which was intended to or purported to pass upon the question

as to whether any given trade-mark was valid as matter of law as between contending parties. Under Section 27, the Customs authorities may only exclude an article "of imported merchandise which shall copy or simulate the name of any domestic manufacture * * *". Thus, if an article is genuine, in the sense of defendant's box, it may be imported into this country and cannot be stopped at the door of the Custom House; but, whether or not the article may be marketed here under a particular trade-mark is a question to be determined in ascertaining the rights of parties, quite irrespective of Section 27 of the Act of February 20, 1905. Section 27 concerns the action of the Government through its proper officials in carrying out the safeguarding measures erected by the Congress. The case at bar concerns the rights of private parties and these rights depend upon rules of law in respect of which Section 27 is wholly irrelevant.

In the *Gretsch* case, the question here presented did not arise. There was no situation, such as this, where the original owner of the business and its trade-marks had completely parted therewith to a vendee who had proceeded upon the strength of his ownership to develop an American market.

For the reasons thus outlined, I am of the opinion that plaintiff is entitled to the exclusion of defendant's boxes from this market and the motion for a preliminary injunction is, therefore, granted.

December , 1920.

JULIUS M. MAYER,
District Judge.

ADDENDUM.

Under the Clayton Act it will be necessary for plaintiff to give security. This amount will be fixed upon the settlement of the order. On the other hand, as the question is novel and defendant is a

small dealer and, as the Court gathered on the argument that the plaintiff was more concerned with a settlement of the question of law than it was with the sale of the small amount of merchandise in defendant's possession, the injunction will be suspended on defendant's giving security on appeal in a nominal amount, and provided also that if defendant intends to appeal, she shall do so promptly.

Submit order on two days' notice.

J. M. M.,
D. J.

**Prevailing Opinion of United States
Circuit Court of Appeals. Ward,
Circuit Judge.**

WARD, Circuit Judge: In July, 1913, the plaintiff, a corporation of the State of New York, bought the business and good will in the United States of A. Bourjois & Cie., E. Wertheimer & Cie, Successeurs, a French firm which had since 1879 sold in the United States a face powder manufactured by it in France described as "Java". The French firm registered in the United States Patent Office the trade-mark "Java" in 1888, the trade-mark "A. Bourjois & Cie." in 1908 and the word "Java" on the top and side of its box in 1912. The plaintiff in 1916, 1918 and 1919 registered three other trade-marks used by the French firm for face powder. Under all these trade-marks the plaintiff imports in bulk the face powder manufactured by the French firm and packs and sells it here in boxes.

The defendant conducts a retail pharmacy in New York City and sells in New York, New Jersey and other states the same genuine face powder manufactured by the French firm imported by her

in its original boxes on which are printed its trade-marks and labels. The only difference between the trade-mark and labels of A. Bourjois & Company, Inc. and A. Bourjois & Cie., E. Wertheimer & Cie, Successeurs, is that the powder sold by the defendant is called Poudre de Riz de Java, as the plaintiff called it until 1916, when it altered the name to Poudre Java, and that on the bottom of the plaintiff's boxes is printed "Trade-Mark Reg. U. S. Pat. Off. Made in France—Packed in the U. S. A. by A. Bourjois & Co., Inc., of N. Y., Succ'rs in the U. S. to A. Bourjois & Cie. and E. Wertheimer & Cie."

The plaintiff filed this bill on the ground of infringement of its registered trade-marks, praying that the defendant be enjoined both provisionally and finally from selling the French firm's face powder under the trade-mark "Java" or the trade-mark "Bourjois" or under any of the plaintiff's registered trade-marks and for an accounting.

The District Judge granted the motion for a preliminary injunction and the defendant appeals from that order.

It is to be noticed in the first place that the residence and citizenship of both parties being in the State of New York no question of unfair competition is involved and indeed there is no evidence of any such competition.

The assignment from A. Bourjois & Cie., A. Wertheimer & Cie., Successeurs, to A. Bourjois & Company, Inc. is not produced but we assume for the purposes of this case that the plaintiff is entitled to the French firm's trade-marks under *Menendez v. Holt*, 128 U. S. 514, and *Wertheimer v. Batcheller*, 185 F. R. 850, and that it would be a breach of the French firm's obligations to sell its

face powder in this country, *Le Page v. Russian Cement Co.*, 51 F. R. 941.

We set on one side all authorities cited by the plaintiff arising out of sales under the same trade-marks of two different competitive articles manufactured by different persons, such as *Hanover Milling Co. v. Metcalf*, 240 U. S. 403; *Scandinavia Co. v. Asbestos Co.*, 257 F. R. 934, because it is quite clear that the defendant could not sell face powder manufactured by her or by any other person than A. Bourjois & Cie. under these trade-marks. But the article sold by the plaintiff and covered by its registered trade-marks is the face powder actually manufactured by the French firm, imported in bulk and packed here by the plaintiff, which is the precise article imported by the defendant in the French firm's original boxes and sold here. The question is whether the defendant has not the right to sell this article under the trade-marks which truly indicate its origin. We think she has. The question has been so decided in three cases in this circuit, *Apollinaris Co. v. Scherer*, 27 F. R. 18; *Russian Cement Co. v. Frauenhar*, 133 F. R. 518, and *Gretsch v. Schoening*, 238 F. R. 780.

In the *Apollinaris* case Saxlehner, owner of the Hunyadi Janos spring in Hungary, gave to the Apollinaris Company the exclusive right to sell the water under the trade-mark "Hunyadi Janos" in Great Britain and the United States. The Apollinaris Company registered the name and the label as trade-marks in the United States Patent Office. Scherer applied to Saxlehner to sell him the water for importation into the United States, which Saxlehner refused to do, telling him of the Apollinaris Company's exclusive rights. Thereafter Scherer purchased the water from other par-

ties in Germany, imported it into the United States and sold it under the name Hunyadi Janos and with the same label as the Apollinaris Company's with one immaterial variation. Judge Wallace said:

"The complainant established an agency for the sale of the water in this country, but, as it now asserts, is unable to maintain its own prices for the article because the defendant purchases the water in Germany from persons to whom it has been sold by Saxlehner, imports it, and sells it here at lower prices. It is shown that the defendant purchases the water in bottles under the label adopted by Saxlehner containing the cautionary notice, and that he does this after having applied to Saxlehner to sell him the water and been refused and informed by Saxlehner of the complainant's rights.

The bill of complaint proceeds in part upon the theory that the defendant is infringing the complainant's trade-mark in the name and label applied to the water, but all the averments in this behalf may be disregarded as irrelevant to the real question in the case. No doubt is entertained that the name when applied to the water is a valid trade-mark, and that the complainant should be protected against the unauthorized use of the trade-mark by another. The complainant would be entitled to this protection entirely irrespective of the registration of its trade-mark in the patent office. The same observations apply to the use of the label. The complainant has a common-law right to the name and the label as a trade-mark by which its mineral waters are identified; and as the necessary diversity of citizenship exists between the parties to confer jurisdiction upon this court, the only effect of registration is to afford and perpetuate the evidence of the complainant's title. But the defendant is selling the genuine water, and therefore the trade-mark is not infringed.

There is no exclusive right to the use of a name or symbol or emblematic device except to denote the authenticity of the article with which it has become identified by association. The name has no office except to vouch for the genuineness of the thing which it distinguishes from all counterfeits; and until it is sought to be used as a false token to denote that the product or commodity to which it is applied is the product or commodity which it properly authenticates, the law of trade-mark cannot be invoked.

The real question in the case is whether the defendant is unlawfully interfering with any exclusive right of the complainant to control the sale of the water in the territory ceded to the complainant for that purpose by Saxlehner. It is manifest that the acts of the defendant tend to deprive the complainant of the substantial advantages which it expected to obtain from the privilege transferred to it by Saxlehner. It can no longer maintain its own prices for the mineral water, or hold out the inducements it formerly could to the agents it has selected to introduce the article to the patronage of the public, and build up a trade. It can no longer protect itself as efficiently against the chances of a spurious article being palmed off upon the public as its own. It is therefore measurably deprived by the acts of the defendant of the profits and benefits which it contemplated when it purchased from Saxlehner the exclusive right of importing the water into this country and selling it here. If the complainant could acquire an exclusive right to sell the water here the case would be plain. If it could not, it still remains to consider whether the defendant has violated any duty which the law recognizes in his relations to the transaction. There would seem to be no doubt that the agreement between Saxlehner and the complainant was a valid one. He had the right to dispose of his property in

the product of his spring as he saw fit, and it is not apparent how the transfer of a part of his exclusive right to vend the water, by which a territorial division in its enjoyment was created, can be deemed obnoxious to any principle of public policy as tending to create a monopoly or an unlawful restraint of trade. If Saxlehner were now endeavoring to compete with the complainant in the sale of the water in the ceded territory, his conduct would furnish a ground for equitable jurisdiction and the remedy of an injunction because of the inadequacy of a remedy at law, Bisp. Eq. 463. It is equally clear that if the defendant were co-operating with Saxlehner collusively to violate the complainant's right to the exclusive sale of the water he also would be restrained. In such a case the foundation of equitable redress would be the breach of covenant on the part of Saxlehner, and the defendant when acting in aid would be identified with Saxlehner and amenable to the remedy as though he were Saxlehner himself. But it is important to bear in mind that the case would be one for equitable cognizance, and the remedy of an injunction merely upon the ground that the complainant's damages arising from the breach of covenant could not be reparably redressed at law."

In the *Le Page* case the defendant bought in bulk of third parties glue made and sold by the plaintiff under the trade name of Le Page's Glue and bottled and sold it under that name. We said:

"Counsel for complainant argues that defendants should be enjoined from applying the name 'Le Page' to a glue made by complainant, which is inferior to the most expensive brands sold by complainant under that name, on the ground that this is a gross fraud and an imposition upon the public. How such conduct constitutes a fraud upon the public does not

appear from the evidence. The labels on defendants' bottles contain no statement as to whether the glue put up by it is either of a superior or inferior quality, but merely that this glue is manufactured by complainant and is bottled by defendants, and that 'this glue is known all over the world as the best for cementing wood, leather, glass', etc. If the public gets an inferior quality of glue when it purchases that bottled by defendants, it is because the complainant has seen fit to sell such glue under the same trade-name as it had applied to a superior article, and has chosen thus to reap the profit from the sale to the public of two qualities or grades of the same article under the same trade-name. A court of equity will not enjoin a person from affixing to goods sold by him their true name and description, in the absence of any evidence of an attempted fraud, such as by representing his goods as of a different origin or quality or manufacture from what they actually are. The case of *Gillott v. Kettle*, 3 Duer, 624, cited by complainant as 'very close in point', illustrates the rule and its application. There the defendant removed the labels from an inferior quality of pens manufactured by complainant, and affixed other labels which imitated the labels on a superior quality of pens made by complainant. The court held that 'by such a practice the defendant endeavors by a false representation to effect a dishonest purpose; he commits a fraud upon the public and upon the manufacturer.' But here there is no false representation by spurious label or false statement. The label tells the truth, and nothing but the truth. There is no fraud upon the public, for it gets the genuine, identical thing described by the label (*Appollinaris Co. v. Scherer* (C. C.), 27 Fed. 18); there is no fraud upon the manufacturer, for its vendees resell its manufacture, to which it has applied its name (*Vitascope Co. v. United States Phono-*

graph Co. (C. C.) 83 Fed. 30), coupled with the statement that it (the vendee) is responsible for the bottling of the manufacture."

In the *Gretsch* case the Gretsch Company had the exclusive agency for the United States of the sale of violin strings made in Germany by Mueller under the name "Eternelle" and with Mueller's approval registered the name as the trade-mark in the United States Patent Office. Schoening purchased such strings in Germany and imported them into the United States. The case arose under Sec. 27 of the Trade-Mark Act as to the importation of merchandise copying or simulating a trade-mark registered in the United States Patent Office. After referring to the two foregoing cases we said:

"The rationale of both decisions is that the defendant in each case was selling the genuine article identified by the trade-mark and the public was not misled, but was getting exactly what it paid for. These decisions, however, were made before the act in question was passed. Assuming that Congress could protect the owner of a registered trade-mark against the importation by third parties of the genuine article under that trade-mark, has it done so? We think not. The Act prohibits the entry of imported merchandise which shall 'copy or simulate' a trade-mark registered under it. The obvious purpose is to protect the public and to prevent anyone from importing goods identified by their registered trade-mark which are not genuine. In this case, however, the imported goods were the genuine articles identified by the trade-mark. We assume that Schoening has a valid trade-mark, even if he does not manufacture the strings, *Menendez v. Holt*, 128 U. S. 514, applying to the whole of the United States and still are of opinion that it is not infringed by one who buys in Ger-

many the genuine article identified by the trade-mark, imports it into the United States and sells it so marked here."

The analogy between patents and trade-marks is not complete. A patent gives the patentee a monopoly to make, sell and use and grant to others the right to make, sell and use the subject patented in the United States for the term of the patent. Hence articles lawfully made, used and sold in foreign countries can not be sold in this country if they infringe the patent. Trade-marks, on the other hand, are intended to show without any time limit the origin of the goods they mark so that the owner and the public may be protected against the sale of one man's goods as the goods of another man. If the goods sold are the genuine goods covered by the trade-mark the rights of the owner of the trade-mark are not infringed.

The order is reversed.

MANTON, *J.*, concurs.

Dissenting Opinion of United States Circuit Court of Appeals. Hough, Circuit Judge.

HOUGH, *C. J.* (*dissenting*). The majority opinion states as the question in this case whether defendant "has not the right to sell this article under the trade-marks which truly indicate its origin". With this statement I agree, but disagree with the meaning given by the decision to the word "origin".

It is not yet settled whether a trade-mark is to

be primarily regarded as protecting the trade-mark owner's business from a species of unfair competition, or protecting the public from imitations.

The decision in this case seems to me to lean the wrong way, because in my opinion a trade-mark is primarily a protection to the owner's business. It is attached to the business, is a part of it, and cannot be detached therefrom; there being no such thing as the transfer of a trade-mark in gross. If this be true it makes no difference whether the plaintiff's business grew out of an agency for another, provided only that it be shown that it is an honest business and belongs to the person who attached, and (perhaps) duly registered the trade-mark, which describes the product of that business.

This plaintiff made a business in Java powder. It is an honest business, and whatever rights the French manufacturer had in the United States became the rights of the plaintiff. If, therefore, the primary function of the trade-mark is to protect this plaintiff's business in his own country, it makes no difference at all that the genuine French article is the thing offered by defendant. That genuine article has become an infringement because the business of dealing in that article within the United States is the plaintiff's business.

***Per Curiam Opinion of United States
Circuit Court of Appeals.***

PER CURIAM: We are asked to certify the question involved in this case to the Supreme Court on the ground of its supreme importance in view of the many businesses with their accompanying trade-marks of German citizens, bought during the European war by citizens of this country from the Custodian of Alien Property.

It is not doubted that an American citizen may buy the business of a foreigner in the United States, with its accompanying trade-marks, and having done so may subsequently change the character and quality of the goods at pleasure. But that is not this case. The owner of the trade-mark cannot change them and still assert that they are the actual goods manufactured by the foreigner and imported by him. Such a misrepresentation would deprive him of the protection of the law.

The precise question decided by us has been misapprehended. The trade-marks and labels complained of are those of the French house, and the plaintiff asserts that it is selling under them face powder manufactured by the French house in France and imported by it in bulk and repacked here. It treats this re-packing as a very material consideration.

The defendant says that this is precisely the product made by the French house in France and imported by her in the boxes of the French house with the same trade-marks and labels which she is selling here.

If in the case of *Menendez vs. Holt*, Holt had asserted that he was selling the flour under the trade-mark Favorita which had been made by a miller under that trade-mark, the case would be more like the one under consideration.

It is sought to distinguish the three cases decided in this circuit which we have followed upon what we think a misapprehension of their facts.

It is said that in the *Apollinaris* case that Company was the mere agent of Saxlehner; this is not so. The Company bought the genuine spring water from Saxlehner, imported it into the United States and sold it here as the water of that spring. All that it

owed Saxlehner was the price it agreed to pay; there was no relation whatever of agency. Judge Lacombe, in *91 Fed. Rep. 538*, and Mr. Justice Brown in *179 U. S. 19*, both said that the Company was not Saxlehner's agent.

In the *Le Page* case it was said that the plaintiff owner of the trade-mark sold the Le Page glue to the defendant; this is not so. The plaintiff refused to sell to the defendant, who thereupon bought the glue from third parties in bulk and re-bottled it.

So in the *Gretsch* case it is said that *Schoening* was merely the exclusive agent of Mueller for the sale of his violin strings called "Eternelle", in the United States. The District Judge found that there was an exclusive agency, though the evidence on the subject was very meagre, and we, assuming that to be true and also that Schoening had a valid trade-mark, held, nevertheless, that Gretsch could lawfully import Mueller strings from Germany and sell them here.

The petition is denied.